GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:265
ANSWERED ON:07.12.2001
COMMERCIAL FRAUDS
RAMESH CHAND TOMAR;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

(a)whether after the introduction of value based advance licence scheme and the subsequent implementation of various other export incentives, commercial frauds have shot up in the country ;

(b)if so, the facts and details in this regard during the last one years;

(c)whether the various export schemes are grossly violated to evade duty etc. by exporters/importers;

(d)if so, the details thereof ;and

(e)the steps taken by the Government to check such commercial frauds by exporters / importers ?

Answer

MINISTER OF STATE IN THE MINISTER OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c),(d) & (e): A statement is annexed

STATEMENT REFERRED TO IN REPLY TO PART(A).(B),(C),(D) & (E) OF LOK SABHA STARRED QUESTION NO 265 T ANSWERED ON THE 7TH DECEMBER, 2001.

(a)Export incentive schemes are announced by the Government to boost exports. The basic purpose of all these schemes is to provide duty neutralization in respect of inputs which have suffered the incidence of either Customs Duties or Central Excise Duties. Certain schemes also aim to provide duty free inputs required for the manufactured of export product. Value based advanced licence (VBAL) scheme was introduced in April 1992 and it wasin operation up to January 1997. At present advance licence scheme, export promotion capital goods (EPCG) scheme, duty free remissioncertificate (DRFC) scheme, duty entitlement pass book (DEPB) scheme, duty drawback scheme , 100% export oriented unit (EOU) scheme,export processing zone (EPZ)Scheme and special Economic Zone (SEZ) scheme are in operation through which export incentives are given to exporters. Based on the extent of misuse / abuses detected and the volume of exports/imports during the last one years it would be incorrect to say that commercial frauds have shot up in the country.

(b) Details of fraud cases detected during last one year under various Export Promotion Schemeswhich are in operation and through which export incentives are given , are enclosed as Annexure - I.

(c) & (d): No Sir, various Export PromotionScheme have been devised to grant export incentive to the exporter with a view to boost exports. Although cases of abuse have been noticed by Government , strict action against the offender is taken by imposing fine/penalty, detention under COFEPOSA, arrest cancellation of licence, etc. besides recovery to duty.

(e) Following steps have been taken by the Government to check commercial frauds under various Export promotion Schemes;-

(i)Whenever a serious violation /novel modus operandi comes to the notice of Government, alert notices are issued to field formation to prevent recurrance.

(ii)Various safeguards have been inbuilt in the Export promotion Schemes to prevent misuse some of which are as follows:-

(1)Licenes issued under advance licenes scheme are subject to actual user condition and are non transferable

(2)Capital goods imported under EPCG scheme are subject to actual user condition till fulfillment of export obligation.

(3)A close nexus is specified for duty free import under DFRC Scheme

(4)In respect of items having DEPB rate of 17% or above , value cap is specified to prevent unintended benefit.

(5)Caps have been specified in All Industry Rateof Drawback to prevent availment of higher drawback by over invoicing. Present Market Value checks have also been provided for goods exported to sensitive destinations.

ANNEXUR - I

DETAILS OF CASES OFCOMMERCIAL FRAUDS DETECTED DURING 2000-2001

NAME OF CHIEF COMMISSIONERATE	NUMBER OF CASES	AMOUNTINVOLVED (Rs.IN LAKHS.)
CALCUTTA	8	650
BANGALORE	14	270
PUNE	1	71
JAIPUR	1	182
AHMEDABAD	20	1046
CHENNAI	25	118
MUMBAI	20	2141
DELHI	98	3073
LUCKNOW	3	195
DGRI	47	3905
TOTAL	237	11651